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RUEHBO/AMEMBASSY BOGOTA 2315
RUEHBU/AMEMBASSY BUENOS AIRES 1322
RUEHBR/AMEMBASSY BRASILIA 0715
RUEHCV/AMEMBASSY CARACAS 1961
RUEHPE/AMEMBASSY LIMA 6003
RUEHMN/AMEMBASSY MONTEVIDEO 4258
RUEHQT/AMEMBASSY QUITO 2186
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
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SUBJECT: CHILE MEDIA REPORT - FEBRUARY 25

Leading Stories

1. A U.S. Federal court sentenced Chilean Felipe Moreno to 25 years in prison on charges of terrorism in connection to arms deals carried out by Monzer al Kassar. Dailies also reported on remarks by the FED President that the recession will end in 2009 and the economy will recover in 2010 if the banking system stabilizes.

U.S.-Related News

2. Excerpts of "What countries in the region expect of the Obama government." Several stringers in different countries contributed the following projections:

3. Chile: The Chile-U.S. FTA has led to an explosive increase in bilateral trade between the two countries and this seems to be encouraging others in the region to follow the same path. The FTA has provided mechanisms to resolve an array of trade issue, such as sanitary regulations; created a committee that periodically reviews the treaty's progress, and resulted in clear commercial rules. All of this has allowed Chile to expand its exports and turn into the country with the highest number of free trade agreements in the region.

4. Colombia: Bogota has enjoyed a "privileged" relationship with the United States over the last ten years thanks to an array of shared interests, and this will not change, especially in the area of narcotics. But the economic crisis does not present a favorable scenario for the approval of the FTA in the U.S. Congress, and Colombia will therefore focus on expanding the benefits of the trade preference system under the Andean Trade Promotion and Drug Eradication Act (ATPDEA).

5. Brazil: Bilateral relations will depend on U.S. economic performance and on Obama's ability to deal with issues that have traditionally dominated the relationship, such as immigration, trade, and energy. There are yet no signs that Washington is developing measures to address the thousands of Brazilian immigrants in the United States. Furthermore, Brazil strongly believes that if the economic situation worsens, the U.S. will tighten its control on immigration.

6. Peru: Peru is among those countries that are strengthening ties with Washington through an FTA. However, there are questions about bilateral cooperation in the area of narcotics, because Washington considers that Peru must increase the eradication of coca

plantations and improve on seizures.

¶17. Mexico: Nothing indicates that Mexico will be a priority for the United States. Mexico has unsuccessfully fought for the approval of an immigration law to benefit its seven million immigrants in the United States. And although Obama won a significant portion of the Latino vote with the promise of such a law, neither he nor the new Congress has addressed this particular issue. During his campaign, Obama also called to review the Nafta trade deal to protect U.S. workers, a stance that Mexico opposes. The ups and down in the bilateral relationship are a reminder that the U.S. has interests, and not friends, and that we (Mexicans) shouldn't have high expectations of being treated as equals by Washington. Experts concur that Mexico must strengthen its participation in other areas of U.S. society, beyond immigration, Nafta, and narcotics to attract attention from the U.S. administration.

¶18. Venezuela: There is no question that countries such as Brazil, Chile, Peru... will strengthen their ties with the United States, but I don't believe Venezuela or its president will assume a normal and respectful relationship with Washington. That does not fit with President Chavez' authoritarian plan or his hemispheric order. Chavez criticized Obama, but words don't mean much, because bilateral trade between the United States and Venezuela reached record figures last year. However, the United States is looking for an alternative to Venezuela oil and we should not be surprised if Brazil becomes that alternative.

¶19. Editorial: "Obama, Expectations and Truths"
"Cold-headed observers warn that the popular enthusiasm (with Obama) has not spilled over into the markets. Analysts pointed out, for example, that as the President gave his inaugural speech, Wall Street dropped 4%" (La Segunda, conservative, afternoon (circ. 33,000), 2/24).

¶10. A Wall Street Journal article Says Chile's Stock Market is a "refuge" for investors, noting that Chile is among the few markets on the rise this year (El Mercurio, 2/25).

¶11. A U.S. Federal court sentenced Chilean Felipe Moreno to 25 years in prison. Moreno was found guilty of four charges of terrorism and arms sales in connection to operations led by Syrian arms dealer Monzer al Kassab (All dailies, 2/25).

President Obama's Address to Congress

¶12. Headline: "Obama: 'The U.S. will recover and emerge even Stronger'"
Subheadline: The U.S. President described with harshness the problems his country faces, but offered hope for recovery.
Lead: In his first speech before Congress, President Obama told the American people that the United States, "will emerge stronger than before," from the current economic abyss and assured that better times will come thanks to everyone's hard work and courage (El Mercurio, conservative, influential newspaper-of-record, circ. 129,000, 2/25).

¶13. Headline: "Obama Presents Congress an Ambitious Program to 'Rebuild' the United States"
Subheadline: With an optimistic speech to Congress, the U.S. President said that in addition to reactivating the economy, he would promote a political agenda that will include a health reform, alternative energy, and education reform. He also said he would revoke tax cuts decreed by George W. Bush, but assured that he would counter with a tax deduction "for 95% of the people" (La Tercera, conservative, independent, circ. 101,000, 2/25).

Drug Seizures at Airport Near Peru Border

¶14. The arrest of a large number of foreigners over the past month in Chile's international airport Chacabuta, in Arica, would be evidence that international narcotics organizations are "testing a new route" to smuggle drugs to Europe, said the head of the counter-narcotics brigade of the Investigations Police in the Santiago international airport, Elias Arriagada (El Mercurio, 2/25).

